(iii) The existing area requirement of plotted area to be dispensed with.

(iv) fiscal benefits to existing STPI units available under section 10A and 10B of the Income-tax Act may be extended beyond financial year 2008-09.

(c) and (d) The recommendation of the Committee listed at (ii) above has been accepted. However, it has not been found feasible to accept those listed at (i) and (iii) above.

So far as the issue listed at (iv) above is concerned, the Prime Minister's Economic Advisory Council headed by Dr. C. Rangarajan examined the issue of extending the tax benefit under seciton 10B of the Income-tax act beyond assessment year 2009-10 and recommended against withdrawal of the sunset clause under section 10B.

The tax benefit under seciton 10A of the Income-tax Act for units set up in Software Technology Parks is placed on the same footing as the benefit under section 10B. Accordingly, the Prime Minister's Economic Advisory Council's recommendaiton on tax benefit under section 10B is equally applicable to the benefit under section 10A. Therefore, the recommendation for extension of tax benefit under Section 10A of the Income Tax Act made by the Chairman of the Committee is not acceptable.

Hike in import duty on palm oil

2942. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the hike in import duty on palm oil to 100 per cent, effective from 1st November, 2006 was notified six weeks ahead by Government permitting the importers to import and stock large shipments and make profit after 1st November, 2006;

(b) whether this is the first time Government have informed the industry in advance about the date of hike in tax; and

(c) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The concessional rates of import

duty on palm oils were specified for a limited period, that is, upto 31st October, 2006. There could not be any presumption as to what rates would have applied on expiry of that period. In this case, in particular, these rates have been continued beyond 31st October, 2006, upto 31st December, 2006 by another notification.

(b) Announcing concessional rates of duty on a product for a limited period is not an uncommon practice. The Concessional rates are reviewed taking into account all relevant factors before the end date so as to decide whether such rates should be continued or otherwise.

(c) Does not arise in view of (b) above.

Requirement of UCBs to maintain capital adequacy ratio

2943. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the trend of Urban Co-operative Banks facing liquidity problems are on the rise, going by the restrictions imposed by RBI on a few UCBs in Maharashtra, after run on deposits reported recently;

(b) what will be the fate of small-time depositors in such UCBs, now under RBI moratorium;

(c) what are the compulsions that prevent Centre to end dual-control of UCBs to provide RBI with greater supervisory control; and

(d) whether like commercial full-fledged banks, UCBs are required to maintain a stipulated Capital Adequacy Ratio, if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Compared to the previous year, there has been a slight decrease in the number of Urban Co-operative Banks (UCBs) facing liquidity problems. The number of banks which failed to continuously maintain statutory reserves during 2006 was 120 compared to 132 in 2005. The number of banks on which directions under section 35-A of Banking Regulation Act, 1949 (as applicable to Cooperative Societies) were imposed by RBI in 2006 has gone up. This is on account of deterioration in financial position (net worth) of some banks on account of increase in non-performing assets and consequent provisioning